

§§ 1767.42–1767.45

1. The total amount of cushion of credit principal with accrued interest equals the borrower's total debt

2. The borrower intends to prepay all remaining debt using a combination of payment with all cushion of credit funds available.

ACCOUNTING REQUIREMENTS

All payments made to a cushion of credit account should be recorded as follows:

Dr. 224.6, Advance Payments
Unapplied—Long-Term Debt—Debit
Cr. 131.1, Cash—General

All interest earned on the balance of funds in the account should be recorded as follows:

Dr. 224.6, Advance Payments
Unapplied—Long-Term Debt—Debit
Cr. 419, Interest and Dividend Income

REPORTING REQUIREMENTS

Previously, Rural Development required that the balance in the cushion of credit account be reported, on the Form 7, Financial and Statistical Report, as a reduction of the Rural Development long-term debt balance. On January 15, 2003, Rural Development issued letter guidance permitting a proportionate share of the cushion of credit balance be reported as a reduction in Current Maturities Long-Term Debt. Additionally, beginning with calendar year 2006 submissions, Form 7 has been revised to include a separate line for cushion of credit balances within the long-term debt section of Part C.

For purposes of the audited financial statements, presentation of the balance of the cushion of credit account as a long-term investment is an acceptable alternative to Rural Development.

[58 FR 59825, Nov. 10, 1993, as amended at 59 FR 27436, May 27, 1994; 60 FR 55430, 55435–55438, Nov. 1, 1995; 62 FR 42319–42321, 42323, 42330, Aug. 6, 1997; 73 FR 30288, May 27, 2008]

§§ 1767.42–1767.45 [Reserved]

Subpart C—Depreciation Rates and Procedures [Reserved]

7 CFR Ch. XVII (1–1–10 Edition)

§§ 1767.46–1767.65 [Reserved]

Subpart D—Preservation of Records

SOURCE: 73 FR 30290, May 27, 2008, unless otherwise noted.

§ 1767.66 Purpose.

This subpart establishes policies and procedures for the effective preservation and efficient maintenance of financial records of Electric borrowers.

§ 1767.67 General.

(a) Rural Development endorses the guidelines as described by the Federal Energy Regulatory Commission's (FERC) "Regulations to Govern the Preservation of Records of Public Utilities and Licensees." The FERC guidelines can be found in 18 CFR part 125.

(b) The regulations prescribed in this part apply to all books of account, contracts, records, memoranda, documents, papers, and correspondence prepared by or on behalf of the borrower as well as those which come into its possession in connection with the acquisition of property by purchase, consolidation, merger, etc.

(c) The regulations prescribed in this part shall not be construed as excusing compliance with any other lawful requirements for the preservation of records.

§ 1767.68 Designation of a supervisory official.

Each borrower shall designate one or more officials to supervise the preservation of its records.

§ 1767.69 Index of records.

(a) Each borrower shall maintain a master index of records. The master index shall identify the records retained, the related retention period, and the locations where the records are maintained. The master index shall be subject to review by Rural Development and Rural Development shall reserve the right to add records, or lengthen retention periods upon finding that retention periods may be insufficient for its purposes.